

Company Registration No. 07503666 (England and Wales)

NUTMEG SAVING AND INVESTMENT LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



NUTMEG SAVING AND INVESTMENT LIMITED

COMPANY INFORMATION

Directors	Mr Nicholas Walter Hungerford Mr Craig Anderson Mr Daniel Simon Aegerter Mr Nicholas George Mr Lee Cowles Mr Stephen Clark Mr Timothy Bunting Mr Massimo Tosato
Secretary	Taylor Wessing Secretaries Limited
Company number	07503666
Registered office	5 New Street Square, London, EC4A 3TW
Auditor	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB

NUTMEG SAVING AND INVESTMENT LIMITED

CONTENTS

	Page
Directors' report	4 - 5
Strategic report	6
Statement of director's responsibilities	7
Independent auditors' report	8 - 9
Profit and loss account	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 - 23

NUTMEG SAVING AND INVESTMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year from 1 January 2014 to 31 December 2014.

Principal activities and review of the business

The principal activity of the company is online discretionary investment management. During the year, customer numbers and assets under management increased significantly, in line with the company's ambitious business plan. In July 2014, the company successfully closed a major funding round, securing £19m of additional capital.

Risks and uncertainties

Within the company, responsibility for risk management rests with the board. The board and senior management have been proactive in recognising, evaluating and managing risk across the business. During 2014, the company carried out a comprehensive risk assessment and now has in place a more formal process for identifying, managing and mitigating business risk that is suited to the increased scale.

The company is still investing for growth with the associated risk and challenges that entails. The board and management team have sought to employ highly skilled personnel in each area of the business to ensure that the product offering and customer experience meet the high standards set by the board. As the business has scaled, new and more experienced hires have been added to strengthen the management team and key functional areas.

The board was strengthened in 2014 by the appointment of an independent non-executive director, with considerable financial services experience. Following a successful funding round in July 2014, two further directors joined the board from Schroders and Balderton, bringing significant expertise and experience in the investment management industry and scaling and managing fast-growing technology businesses.

Future development

The company has recently expanded its product range with a new pension product and will continue to broaden its offering where appropriate to meet the investment needs of its customers. The board and management team are aware of the risks of dilution of focus that can be a consequence of over-extension and have no intentions of expanding outside the provision of investment management services.

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

Results and dividends

The result for the year is set out on page 10.

No dividend was paid or declared (2013: £Nil).

NUTMEG SAVING AND INVESTMENT LIMITED

Directors

The following directors have held office during the year:

Mr Nicholas Walter Hungerford
Mr William Todd (resigned on 12 August 2014)
Mr Craig Anderson
Mr Daniel Simon Aegerter
Mr Nicholas George
Mr Lee Cowles
Mr Stephen Clark (appointed 17 February 2014)
Mr Timothy Bunting (appointed 7 July 2014)
Mr Massimo Tosato (appointed 7 July 2014)

Auditor

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

Statement of disclosure to the auditor

The directors have confirmed that as far as they are aware, there is no relevant audit information of which the company's auditors are unaware. Each of the directors has confirmed that they have taken all the necessary steps that they ought to have taken as directors, in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Nicholas Walter Hungerford

Director

23rd April 2015

NUTMEG SAVING AND INVESTMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Review of the business

Nutmeg has had a very successful 2014, reaching demanding business targets and further establishing the business as a new and distinct choice for investors in the UK market. Customer numbers grew nearly fourfold and Assets Under Management (AUM) more than quadrupled.

During the year, the business closed a significant funding round to support increased investment in marketing and product development.

Significant investment continues to be made in infrastructure to ensure that the business can scale cost-effectively, to deliver long-term profitability together with excellent customer service and experience. Operations ended the year more efficient and resilient and the efficiency of the trading process has been further enhanced to achieve better prices for customers.

Nutmeg continues to develop its marketing message and refined the brand and proposition during 2014, clarifying our mission as “creating a nation of empowered investors”. Despite a significant increase in marketing spend compared to 2013, the cost of acquisition has reduced as awareness of the business has increased. We have also achieved better targeting, seen through increasing AUM per customer which is up over 30% during the year.

Matters of strategic importance

Nutmeg’s core target market remains 35-45 year olds who have invested before but would rather delegate the management of their investments than “do it themselves”. As the business grows, Nutmeg is also attracting customers who have not invested before and older customers who have additional investment needs. The recent addition of a pension product is expected to increase Nutmeg’s appeal to older customers.

Progress has been made to customise Nutmeg’s product experience to different customer groups (particularly first-time investors) but this is an area that requires an iterative approach, testing and learning by customer feedback and it will continue to be a product development focus during 2015 and beyond. The product and technology teams were expanded in 2014 but, given their vital role in the success of any online business, both will continue to be a priority for investment in 2015.

Nutmeg has a strong investment team and the investment performance for customers has been good relative to competitors during 2014. To maintain this, it is essential to maintain a focus on continuous improvement as the company grows. As well as delivering value to customers through well-founded tactical asset-allocation decisions, the business has delivered sustainable improvements through reductions in the cost and friction associated with the trading process. As the business scales, the investment and trading process will be continuously re-evaluated to make sure that customers continue to get the best value achievable.

By order of the board



Nicholas Walter Hungerford

Director

23 April 2015

NUTMEG SAVING AND INVESTMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NUTMEG SAVING AND INVESTMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NUTMEG SAVING AND INVESTMENT LIMITED

We have audited the financial statements on pages 10 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

NUTMEG SAVING AND INVESTMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NUTMEG SAVING AND INVESTMENT LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

David Blacher (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

24 APRIL 2015

NUTMEG SAVING AND INVESTMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	635,381	103,903
Operating expenses		(5,988,396)	(3,810,025)
Operating loss	3	<u>(5,353,015)</u>	<u>(3,706,122)</u>
Other interest receivable and similar income	4	68,240	9,110
Loss on ordinary activities before taxation		<u>(5,284,775)</u>	<u>(3,697,012)</u>
Tax on loss on ordinary activities	5	-	89,700
Loss for the year	12	<u><u>(5,284,775)</u></u>	<u><u>(3,607,312)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 13 to 23 form part of these financial statements

NUTMEG SAVING AND INVESTMENT LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	£	2014 £	2013 £
Fixed assets				
Intangible assets	6		26,464	29,557
Tangible assets	7		30,481	8,962
			<u>56,945</u>	<u>38,519</u>
Current assets				
Debtors	8	545,756	185,173	
Cash at bank and in hand		16,999,504	3,328,940	
		<u>17,545,260</u>	<u>3,514,113</u>	
Current liabilities				
Creditors: amounts falling due within one year	9	(440,020)	(146,643)	
		<u>(440,020)</u>	<u>(146,643)</u>	
Net current assets			<u>17,105,240</u>	<u>3,367,470</u>
Net assets			<u>17,162,185</u>	<u>3,405,989</u>
Capital and reserves				
Called up share capital	10		7,918	5,639
Share premium account	11		28,424,162	9,505,092
Share based payment reserve	11		148,658	29,036
Profit and loss account	11		(11,418,553)	(6,133,778)
Shareholders' funds	12		<u>17,162,185</u>	<u>3,405,989</u>

Approved by the board and authorised for issue on 23rd April 2015



Nicholas Walter Hungerford
Director

Company Registration No. 07503666

The notes on pages 13 to 23 form part of these financial statements

NUTMEG SAVING AND INVESTMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2014

	Notes	£	2014 £	£	2013 £
Net cash outflow from operating activities	18		(5,281,407)		(3,547,944)
Returns on investments and servicing of finance					
Interest received		68,240		9,110	
Net cash inflow for returns on investments and servicing of finance			68,240		9,110
Taxation			-		89,700
Capital expenditure and financial investment					
Payments to acquire intangible assets		(6,503)		-	
Payments to acquire tangible assets		(31,115)		(4,382)	
Net cash outflow for capital expenditure			(37,618)		(4,382)
Financing					
Issue of share capital			18,921,349		5,271,752
Increase in cash in the year	20		13,670,564		1,818,236
Net cash at 1 January	20		3,328,940		1,510,704
Net cash at 31 December	20		16,999,504		3,328,940

The notes on pages 13 to 23 form part of these financial statements

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies

1.1. Basis of Accounting

The financial statements are prepared under the historical cost convention.

1.2. Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3. Turnover

Turnover represents management fees, based on the average value of assets under management each month.

1.4. Intangible assets and depreciation

Intangible fixed assets are stated at cost less depreciation. Depreciation is provided on all intangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Intellectual property	20% straight line
-----------------------	-------------------

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line

1.6. Pensions

The company does not operate any defined contribution scheme for the benefit of its employees.

1.7. Leased assets

The company does not operate any leased assets.

1.8. Share based payments

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction, and behavioural considerations.

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1.9. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity or;
- different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

1.10. Research and development

All research and other development costs are written off as incurred.

1.11. Going concern

The directors have prepared the financial statements on the going concern basis for the following reasons:

- The directors have carried out a detailed review of the trading position and cash flow projections for the foreseeable future and have, based on the results of this review, determined that the company may require further cash injections to continue to develop and market its product offering and to build its customer base and its assets under management. Under such a scenario, the directors have a reasonable expectation of securing additional funding from the existing shareholders and new investors.
- The directors are therefore confident that sufficient financial resources will be available to enable the company to meet the medium term cash requirements as set out in the relevant cash flow projections.

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

2. Turnover

Turnover is generated solely within the United Kingdom.

3. Operating loss

	2014 £	2013 £
Operating loss is stated after charging:		
Amortisation of intangible assets	9,596	9,085
Depreciation of tangible assets	9,596	7,892
Share based payment charge	119,622	29,036
Fees payable to auditor		
-statutory audit	13,000	8,000
-other services	750	1,500
-taxation and compliance service	6,530	3,500
	<u> </u>	<u> </u>

4. Other interest receivable and similar income

	2014 £	2013 £
Bank interest	68,056	8,622
Escrow interest	184	488
	<u>68,240</u>	<u>9,110</u>

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5. Taxation

	2014 £	2013 £
Domestic current year tax		
U.K. corporation tax	-	-
Adjustment for prior periods	-	89,700
Total current tax	-	89,700
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(5,284,775)	(3,697,012)
Loss on ordinary activities before taxation multiplied by effective rate of UK corporation tax of 21.49% (31 December 2013: 23.25%)	(1,135,865)	(859,429)
Effects of:		
Non-deductible expenses	35,922	10,060
Depreciation in excess of capital allowances	8,921	2,389
Other tax adjustments - losses	1,091,022	846,980
Adjustments in respect of prior periods	-	(89,700)
Current tax charge / (credit) for the period	-	(89,700)

No deferred tax asset has been recognised based on uncertainty over the timing of future profits.

The company has tax losses of £10,842,936 (2013: £5,740,192) to offset against future profit.

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

6. Intangible assets

	Intellectual property £
Cost	
At 31 December 2013	45,427
Additions	6,503
	<hr/>
At 31 December 2014	51,930
	<hr/>
Amortisation	
At 31 December 2013	15,870
Charge for the period	9,596
	<hr/>
At 31 December 2014	25,466
	<hr/>
Net book value	
At 31 December 2014	26,464
	<hr/>
At 31 December 2013	29,557
	<hr/>

7. Tangible assets

	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost			
At 31 December 2013	20,845	5,390	26,235
Additions	10,215	20,900	31,115
	<hr/>	<hr/>	<hr/>
At 31 December 2014	31,060	26,290	57,350
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 December 2013	14,221	3,052	17,273
Charge for the period	5,660	3,936	9,596
	<hr/>	<hr/>	<hr/>
At 31 December 2014	19,881	6,988	26,869
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2014	11,179	19,302	30,481
	<hr/>	<hr/>	<hr/>
At 31 December 2013	6,624	2,338	8,962
	<hr/>	<hr/>	<hr/>

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

8. Debtors

	2014 £	2013 £
Trade debtors	86,739	34,789
Other debtors and accrued income	139,911	19,373
VAT recoverable	167,040	39,494
Custodian deposit	50,000	50,000
Prepayments	102,066	41,517
	<u>545,756</u>	<u>185,173</u>

9. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	125,140	41,627
Accruals	314,140	103,812
Other creditors	740	1,204
	<u>440,020</u>	<u>146,643</u>

10. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1,250,841 Ordinary shares of £0.001 each	1,251	1,236
2,367,250 B preferred Ordinary shares of £0.001 each	2,637	2,637
1,486,826 Preferred Ordinary shares of £0.001 each	1,487	1,487
2,263,662 C preferred Ordinary shares of £0.001 each	2,264	-
279,011 Non-voting shares of £0.001 each	279	279
	<u>7,918</u>	<u>5,639</u>

During the year the company issued additional share capital raising £19 million through the issue of 14,527 ordinary shares and 2,263,662 C preferred ordinary shares. All shares have a nominal value of £0.001

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

11. Statement of movements on reserves

	Share based payment reserve £	Share premium account £	Profit and loss account £
Balance at 1 January 2014	29,036	9,505,092	(6,133,778)
New share capital subscribed	-	18,919,070	-
Loss for the year	-	-	(5,284,775)
Share based payment charge	119,622	-	-
Balance at 31 December 2014	<u>148,658</u>	<u>28,424,162</u>	<u>(11,418,553)</u>

12. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Loss for the financial year	(5,284,775)	(3,607,312)
New share capital subscribed	18,921,349	5,271,752
Increase in share based payment reserve	119,622	29,036
Opening shareholders' funds	3,405,989	1,712,513
Closing shareholders' funds	<u>17,162,185</u>	<u>3,405,989</u>

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13. Share based payments

Equity-settled share option plan

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

The vesting period is generally 3 to 5 years.

	2014		2013	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	Number	(p)	number	(p)
Granted during the year	192,250	105	319,773	65
Exercised	(10,000)	-	(26,694)	-
Lapsed	(13,000)	-	(57,045)	-
Outstanding at 31 December	751,649	74	582,399	65
Exercisable at 31 December	-	-	-	65

The options outstanding at 31 December had a weighted average exercise price of 74p (2013: 65p) and a weighted average remaining contractual life of 4 years (2013: 5 years).

The weighted average fair value of options granted in the year using the Black-Scholes option pricing model was 41p per option (2013: 26p per option). The inputs into the Black-Scholes model are as follows:

	2014	2013
Weighted average share price	41p	26p
Weighted average exercise price	105p	65p
Expected volatility	40%	40%
Expected life	5 years	5 years
Risk free rate	2%	1%
Expected dividends	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the share price of similar quoted companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

14. Financial commitments

At 31 December 2014 the company was committed to making the following payments under rent and custodian services agreements in the period to 31 December 2014:

	2014 £	2013 £
Within one year	120,000	51,936
Between two and five years	-	420,000
	<u>120,000</u>	<u>471,936</u>

15. Directors' remuneration

	2014 £	2013 £
Remuneration for qualifying services	425,875	402,294
	<u>425,875</u>	<u>402,294</u>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	148,500	134,795
	<u>148,500</u>	<u>134,795</u>

No directors accrued retirement benefits under pension schemes (2013: none). No directors exercised share options during the year.

16. Employees

	2014 No.	2013 No.
Number of employees		
The average monthly number of employees (including directors) during the year was:		
Full time staff	36	29
Part time staff	1	1
	<u>37</u>	<u>30</u>

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

16. Employees (continued)

Employment costs	2014 £	2013 £
Wages and salaries	2,263,117	1,506,596
Social security costs	270,578	182,455
	<u>2,533,695</u>	<u>1,689,051</u>

17. Related party transactions

	2014 £	2013 £
The table below outlines transactions between the company and related parties:		
Pentech – Director’s fees and reimbursement for travel expenses and services during funding round	7,422	30,000

Pentech is a related party by virtue of having a mutual director.

18. Reconciliation of operating loss to net cash outflow from operating activities

	2014 £	2013 £
Operating loss	(5,353,015)	(3,706,122)
Amortisation of intangible assets	9,596	9,085
Depreciation of tangible assets	9,596	7,892
Share based payment charge	119,622	29,036
(Increase)/decrease in debtors	(360,583)	99,747
Decrease in provisions	-	(2,540)
Increase in creditors	293,377	14,958
	<u>(5,281,407)</u>	<u>(3,547,944)</u>

NUTMEG SAVING AND INVESTMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19. Analysis of net funds

	2013 £	Cash flow £	2014 £
Net Cash:			
Cash at bank and in hand	3,328,940	13,670,564	16,999,504
Net funds	<u>3,328,940</u>	<u>13,670,564</u>	<u>16,999,504</u>

20. Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Increase in cash in the period	13,670,564	1,818,236
Movement in net funds in the period	<u>13,670,564</u>	<u>1,818,236</u>
Opening net funds	3,328,940	1,510,704
Closing net funds	<u>16,999,504</u>	<u>3,328,940</u>

21. Ultimate controlling party

There is no ultimate controlling party as no shareholder owns greater than 50% of the voting rights.

22. Pillar 3 disclosure

Under the requirements of Pillar 3, the company is required to disclose regulatory capital information, and has done so by marking disclosure available on the company's website at www.nutmeg.com/legal/regulatory.